

July

The
Sterling Trusts
Corporation

Annual Report
1973



OFFICES

Head Office

TORONTO, ONTARIO, 372 Bay Street
Telephone (416) 364-7495
DENNIS W. JONES, F.C.I.S., *Manager*

Branches

TORONTO, ONTARIO, 347 Bay Street
Telephone (416) 364-7495
J. A. SHUTE, *Manager*

BARRIE, ONTARIO, 35 Dunlop Street E.
Telephone (705) 726-6495
R. A. FURZECOTT, *Manager*

BRACEBRIDGE, ONTARIO, Riverside Centre
Telephone (705) 645-5219
PETER S. HUMPHREY, *Manager*

ORILLIA, ONTARIO, 73 Mississaga Street E.
Telephone (705) 325-2226
B. M. HEWITT, *Manager*

SERVICES

PERSONAL TRUSTS —Estates Administration
Estate Planning
Agency Services
Cemetery Trusts

PENSION TRUSTS —Registered Retirement
Savings Plans
Company Pension
Plans
Deferred Profit
Sharing Plans

CORPORATE TRUSTS—Transfer Agency
Registrar
Dividend Disbursing
Bond Trusteeship
Escrow Agent

DEPOSITS —Chequing Savings
Personal Savings
Special Savings
Certificates
Guaranteed Trust
Certificates
Guaranteed Growth
Certificates

REAL ESTATE —Mortgages
Appraisals
Sales
Management

PERSONAL LOANS

SAFE DEPOSIT BOXES

The *Cancorp*
Sterling Trusts
Corporation

Interim Report

FOR THE SIX MONTHS ENDED

JUNE 30, 1973



THE STERLING TRUSTS CORPORATION

The unaudited results of operation for six months ended June 30, 1973 compared with one-half of the *actual* figures for the full year of 1972 are as follows:

	1973	1972
Revenue:		
Income from mortgages & other loans - - - - -	\$ 3,302,954	\$ 2,764,538
Income from securities - - - - -	276,064	265,662
Fees and commissions - - - - -	152,436	129,604
Other operating revenue - - - - -	29,633	41,152
Total revenue - - - - -	✓ 3,761,087	✓ 3,200,956
Expenses:		
Interest on guaranteed trust account - - - - -	2,631,457	2,266,848
Salaries and staff benefits - - - - -	312,698	246,068
Premises, including depreciation - - - - -	100,130	81,640
Other operating expenses - - - - -	203,998	178,968
Total expenses - - - - -	3,248,283	2,773,524
Operating income before income taxes - - - - -	512,804	427,432
Income taxes—current - - - - -	162,200	137,900
—deferred - - - - -	61,500	43,000
	223,700	180,900
Net operating income - - - - -	✓ 289,104	246,532
Net gain on realization of securities less related income taxes <i>ext 2</i> (1973—\$4,300) (1972—\$10,500) - - - - -	9,880	26,322
Net earnings for the quarter year - - - - -	298,984	272,854
Number of shares outstanding - - - - -	648,569	646,379
Net earnings per share - - - - -	0.46	0.42
Dividends - - - - -	129,714	116,348
Per share - - - - -	0.20	0.18

GUARANTEED TRUST ACCOUNT

	June 30, 1973	June 30, 1972
Guaranteed Trust Certificates - - - - -	63,365,613	53,057,530
Savings Deposits - - - - -	15,375,774	12,334,261
Total Guaranteed Trust Funds - - - - -	78,741,387	65,391,791
First Mortgages - - - - -	72,012,143	58,721,073

TO OUR SHAREHOLDERS:

The Corporation has experienced an active six months with a satisfactory growth in all departments. Interest rates paid on Guaranteed Trust Certificates and Savings Deposits have resulted in substantial growth in all of these departments. The Retirement Savings Plan has been well received and record growth has been achieved in this section. The Bracebridge branch was opened to the public on the 16th May and is now adding its contribution to the business of the Corporation; the branch at 347 Bay Street is continuing its strong growth and together with Barrie and Orillia branches is adding substantially to the growth of the Corporation. Interest rates generally are continuing to rise with a resultant narrowing of the spread between deposits and mortgages; the results shown above should not therefore be taken as an indication of the profits for the full year.

N. F. PETERSEN
President



The Sterling Trusts Corporation

DIRECTORS

President

NIELS F. PETERSEN Toronto, Ont.

Vice-Presidents

HORACE T. BURGESS Toronto, Ont.

H. DONALD LANGDON, Q.C. Toronto, Ont.

S. BRUCE ADAMS, F.C.A. Toronto, Ont.

NORMAN H. BELL Toronto, Ont.

ROBERT BIGELOW, Q.C. Toronto, Ont.

PETER O. CRASSWELLER, M.D., F.R.C.S.(C), F.A.C.S. . . Toronto, Ont.

ROBERT I. HENDY, Q.C. Toronto, Ont.

F. ROBERT HEWETT Toronto, Ont.

CHARLES F. PETERSEN Toronto, Ont.

CHAS. J. SEAGRAM, Q.C. Barrie, Ont.

T. GORDON TAYLOR Toronto, Ont.

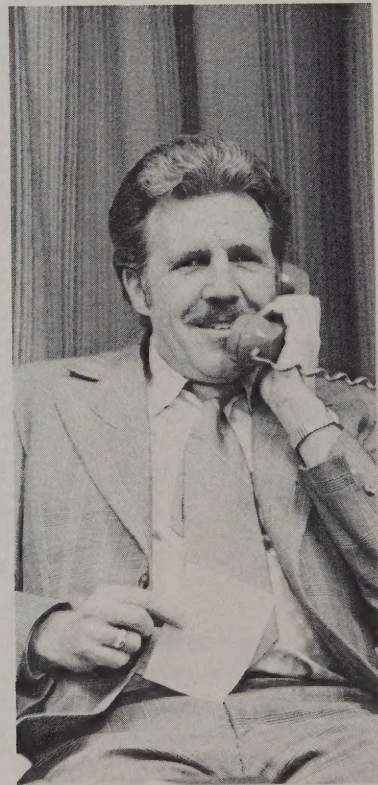
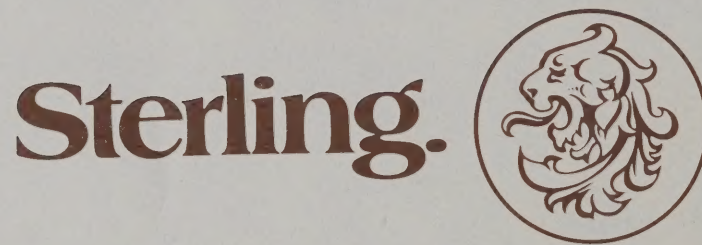
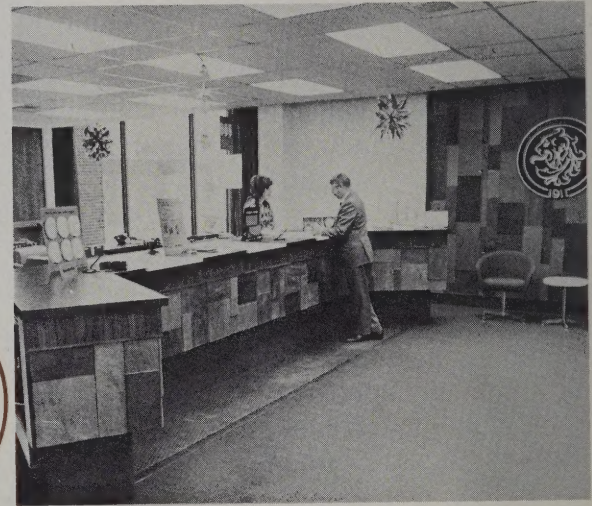
ARTHUR W. WHITE Toronto, Ont.

J. ALEX WILSON, B.A. Sc., P. Eng. Orillia, Ont.

AUDITORS

MESSRS. PEAT, MARWICK, MITCHELL & CO.

INCORPORATED IN NINETEEN HUNDRED AND ELEVEN
MEMBER OF CANADA DEPOSIT INSURANCE CORPORATION





To Our Shareholders

It is with pleasure that I, on behalf of the Board of Directors, submit the Annual Report of your Corporation. 1973 has been a record year for Sterling Trusts; profits reached an all time high of \$640,657., for an increase of 17.4%, and this in a year which saw rising interest rates and continuing inflation. These are gratifying results in the face of our branch expansion costs, (the first full year of operation for 347 Bay Street, and seven and one half months of operation for the Bracebridge Branch,) and compare very favourably with the performance of the industry as a whole.

The Mortgage Department too, had a record year, with volume exceeding \$27,000,000. This volume is greater than the aggregate of all the mortgage business for the years 1966, 1967 and 1968, and has more than offset the profit squeeze caused by narrowing "spreads" in interest rates. Operating income before tax, for the first time in Sterling's history, exceeded the \$1,000,000 threshold.

Our branch development programme gave birth, in May, to the Riverside Plaza operation in Bracebridge, which is pictured on page 2. Under the enthusiastic direction of Peter Humphrey, as Manager, this branch has exceeded our objectives by a wide margin.

The Barrie branch was redecorated and renovated to relieve customer congestion. We are planning a complete renovation of this branch in the near future to cope with the anticipated growth of business.

The Orillia Branch continues to show a steady increase in business and is proving a very worthwhile contributor to the Corporation's profits.

The opening of a branch in another location, planned for the late Fall, did not proceed on schedule owing to the non-availability of suitable premises. I am pleased to tell you however that we will be opening a branch on Davis Drive in Newmarket early in 1974 which will provide further growth for the Corporation in the future. It is our intention to proceed with the aggressive branch development programme initiated two years ago with the addition of the branch at 347 Bay Street.

Another fruitful development of 1973 was the formation of an Audit Committee, comprising Mr. S.B. Adams and Mr. F.R. Hewett, which after an in-depth review, will, we anticipate, in 1974, implement a stream-lined accounting procedure. This has expedited the continuing computerization programme which is proceeding in a most satisfactory manner. The entire Guaranteed Trust Certificate Section is now on computer and the ensuing year should see the completion of this programme.

The Estates, Trusts and Agencies Section was a strong performer in 1973 with sales of Registered Retirement Savings Plans exceeding projections. Your Corporation has also developed a Registered Pension Plan and a Deferred Profit Sharing Plan for use primarily by smaller companies. The Pension Section has been reorganized to efficiently service increased sales from these sources.

You will note that the increase in salaries and staff benefits has been proportionately smaller than the increase in volume of business, a reflection of the rise in productivity and efficiency. Mr. R.I. Hendy, Q.C., will, in 1974, chair a Committee to review the whole area of employee benefits. It is essential that we provide our staff with benefits commensurate with those of the industry as a whole and ensure them a good future.

In summary, may I suggest you refer to the record of the past ten years (in graphic form on page 5) which illustrates the considerable progress achieved by your Corporation in this period.

Your Board of Directors has continued to participate actively in the affairs of the Corporation with the provision of sound policy planning and the guidance necessary to achieve satisfactory results for you. Mr. Robert Bigelow, Q.C., who has been a Senior Director and Vice President, of the Corporation for many years, resigned as a Vice President. I am pleased to say that he has agreed to stay on as a Director and we anticipate continuing to receive the benefit of his advice and counsel in the affairs of the Corporation. Mr. Elton R. Meredith, who in 1965 retired as Managing Director of the Corporation, retained however his Directorship until 1973 when he tendered his resignation as Director and Vice President for personal reasons. I would be remiss if I did not, on behalf of fellow directors, staff and shareholders, express to both these gentlemen sincere appreciation for the many years of service rendered and the sage counsel we have received from them.

Mr. C.F. Petersen was elected to the Board to replace Mr. Meredith and has taken an active interest in the affairs of the Corporation, particularly in the area of marketing and advertising. He has been appointed to chair a sub-committee relative to these activities, the results of which are apparent in the refreshing advertising programme that made its appearance towards the end of the year.

It is a great privilege for me to present this report to you and to express my sincere thanks to the Board of Directors, the Staff and the Corporation's many friends for their continued loyalty, interest and support, without which the results achieved during the current year would not have been possible.

N.F. Petersen
President

WHERE STERLING TRUSTS' REVENUE CAME FROM

81.31% Revenue from Investments Less: Interest on deposits

13.33% Fees and Commissions

5.36% Other Sources



WHERE STERLING TRUSTS' REVENUE WENT

26.97% Salaries and Staff Benefits

26.45% Operating Expenses

20.18% Income Taxes

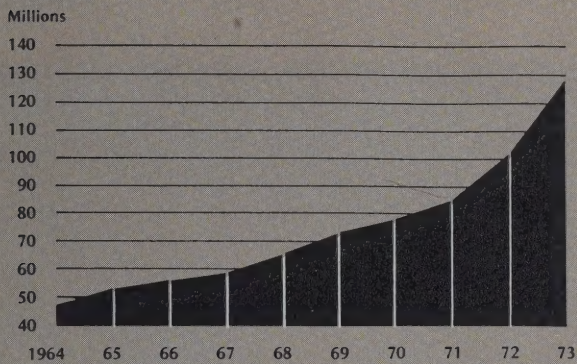
10.73% Dividends

15.67% Retained Earnings

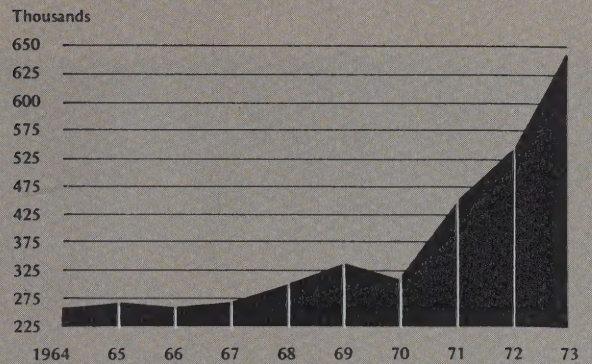


RECORD OF PAST TEN YEARS

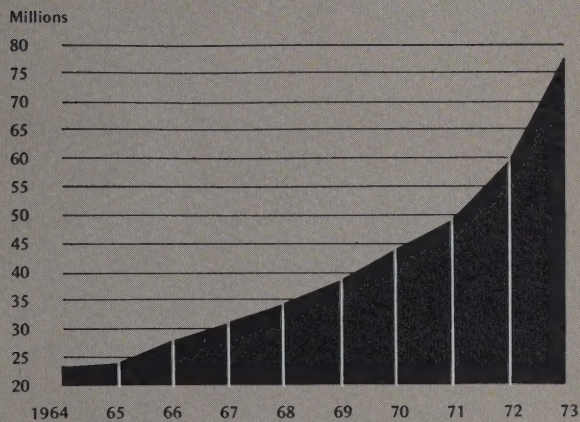
ASSETS UNDER ADMINISTRATION



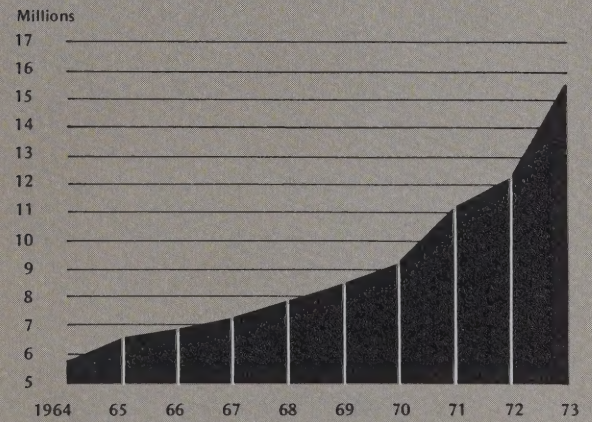
NET PROFIT AFTER TAXES



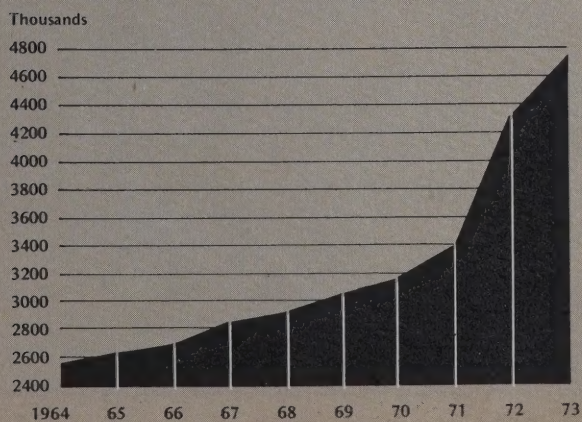
GUARANTEED TRUST CERTIFICATES



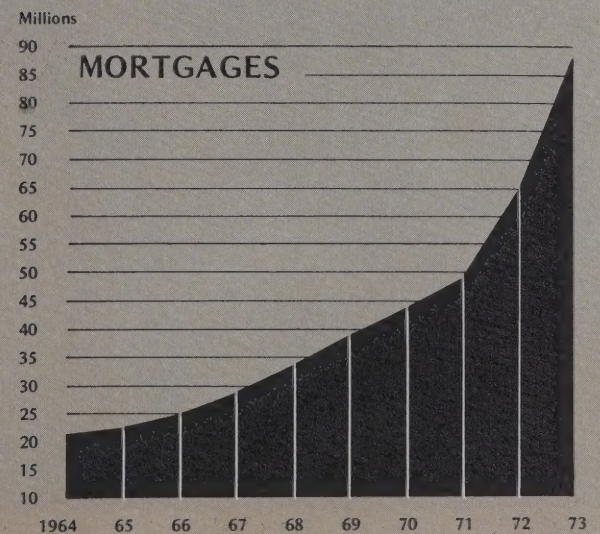
SAVINGS DEPOSITS



CAPITAL AND RESERVES



MORTGAGES



The Sterling Tr

BALANCE SHEET
with comparative

ASSETS

	1973	1972
Cash	\$ 1,325,361	\$ 735,963
Securities (note 1):		
Bonds and debentures	6,976,833	6,542,357
Stocks	2,622,144	2,100,350
Total securities	<u>9,598,977</u>	<u>8,642,707</u>
Loans:		
Mortgages	86,906,815	65,781,452
Loans on securities	816,575	1,160,965
Advances to estates, trusts and agencies	659	5,146
Total loans	<u>87,724,049</u>	<u>66,947,563</u>
Office premises and equipment, at cost less accumulated depreciation \$119,635 (1972 - \$106,057)	182,840	194,607
Other assets	38,178	26,482
	<u>\$98,869,405</u>	<u>\$76,547,322</u>

We certify that to the best of our knowledge and
truly and clearly the financial

N.F. PETT
H.D. LANG
T.G. TAYLOR

See accompanying

sts Corporation

ECEMBER 31, 1973

figures for 1972

LIABILITIES AND SHAREHOLDERS' EQUITY

	1973	1972
Guaranteed trust account:		
Savings deposits	\$15,679,709	\$12,151,889
Guaranteed trust certificates	77,685,925	59,457,157
Total guaranteed trust account	<u>93,365,634</u>	<u>71,609,046</u>
Accounts payable	86,597	45,516
Dividend payable	64,857	64,638
Income taxes payable	26,990	60,177
Deferred income taxes	642,400	483,000
Shareholders' equity:		
Capital stock (note 2):		
Authorized 1,000,000 shares of \$2 each par		
value. Issued and fully paid 648,569 shares		
(1972 - 646,379)	1,297,138	1,292,758
Contributed surplus - premium on issue of shares (note 2)	417,337	404,964
General reserve	2,700,000	2,400,000
Retained earnings	268,452	187,223
Total shareholders' equity	<u>4,682,927</u>	<u>4,284,945</u>
	<u>\$98,869,405</u>	<u>\$76,547,322</u>

lief the foregoing balance sheet is correct and shows
dition of the Corporation's affairs.

EN, President

N, Vice-President

Managing Director

s to financial statements.



STATEMENT OF EARNINGS



For the year ended December 31, 1973

with comparative figures for 1972

	1973	1972
Revenue:		
Income from mortgages and other loans	\$ 7,192,056	\$ 5,529,077
Income from securities	579,163	531,326
Fees and commissions	322,357	259,207
Other operating revenue	57,711	82,304
Total revenue	<u>8,151,287</u>	<u>6,401,914</u>
Expenses:		
Interest on guaranteed trust account	5,805,510	4,533,695
Salaries and staff benefits	652,041	492,135
Premises, including depreciation \$13,578 (1972 — \$14,408)	209,496	163,279
Other operating expenses	424,885	357,942
Total expenses	<u>7,091,932</u>	<u>5,547,051</u>
Operating income before income taxes	1,059,355	854,863
Income taxes — current	316,100	275,800
— deferred	159,400	86,000
	<u>475,500</u>	<u>361,800</u>
Net operating income	<u>583,855</u>	<u>493,063</u>
Gain on sale of securities, less related income taxes \$10,100 (1972 — \$21,000)	56,802	52,646
Net earnings for the year transferred to retained earnings	<u>\$ 640,657</u>	<u>\$ 545,709</u>
Earnings per share (note 4):		
Net operating income	\$ 0.90	\$ 0.79
Gain on sale of securities	0.09	0.08
Net earnings for the year	<u>\$ 0.99</u>	<u>\$ 0.87</u>

See accompanying notes to financial statements

The Sterling Trusts Corporation

STATEMENTS OF CONTRIBUTED SURPLUS, GENERAL RESERVE AND RETAINED EARNINGS

For the year ended December 31, 1973
with comparative figures for 1972

CONTRIBUTED SURPLUS

	1973	1972
Balance at beginning of year	\$ 404,964	\$ —
Proceeds in excess of par value of capital stock issued during year (note 2)	12,373	412,621
Less expense of issue	—	7,657
Balance at end of year	<u>\$ 417,337</u>	<u>\$ 404,964</u>

GENERAL RESERVE

	1973	1972
Balance at beginning of year	\$2,400,000	\$2,084,000
Add transfer from retained earnings	300,000	316,000
Balance at end of year	<u>\$2,700,000</u>	<u>\$2,400,000</u>

RETAINED EARNINGS

	1973	1972
Balance at beginning of year	\$ 187,223	\$ 196,673
Add transfer from net earnings for the year	640,657	545,709
	<u>827,880</u>	<u>742,382</u>
Deduct:		
Transfer to general reserve	300,000	316,000
Dividends	259,428	239,159
	<u>559,428</u>	<u>555,159</u>
Balance at end of year	<u>\$ 268,452</u>	<u>\$ 187,223</u>

See accompanying notes to financial statements

NOTES TO FINANCIAL STATEMENTS, December 31, 1973



1. Securities:

Securities issued by the Governments of Canada and the Provinces are stated at amortized cost; other securities are stated at cost:

	1973		1972	
	Cost	Market	Cost	Market
Bonds — Government of Canada	\$ 3,342,293	\$ 3,185,530	\$ 2,756,985	\$ 2,706,740
Provinces of Canada	1,290,763	1,101,975	1,288,518	1,172,639
Municipalities	1,243,139	1,141,823	1,396,243	1,313,456
Other	1,100,638	968,816	1,100,611	1,007,873
	<u>6,976,833</u>	<u>6,398,144</u>	<u>6,542,357</u>	<u>6,200,708</u>
Stocks	2,622,144	2,534,371	2,100,350	2,227,318
	<u>\$ 9,598,977</u>	<u>\$ 8,932,515</u>	<u>\$ 8,642,707</u>	<u>\$ 8,428,026</u>

2. Capital stock:

(a) During 1973, shares of the Corporation's capital stock were issued for cash as follows:

	Number of Shares	Issue Price	Credited to	
			Capital Stock	Contributed Surplus
On exercise of options under employee stock option plan	2,190	7.65	4,380	12,373

(b) At December 31, 1973 options were outstanding under a stock option plan for employees to purchase 6,570 shares at \$7.65 per share exercisable to the extent of 2,190 shares during the period of the first to the fifteenth of January in each of the years 1974 to 1976 inclusive. Subsequent to December 31, 1973 options to purchase 2,190 shares have been exercised.

3. Directors' and officers' remuneration:

The aggregate direct remuneration paid or payable by the Corporation to directors and senior officers during the year was \$114,911 (1972 — \$105,623).

4. Earnings per share:

Earnings per share are based on the weighted average of shares outstanding during the period. The exercise of options outstanding would not materially dilute earnings per share.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of The Sterling Trusts Corporation as at December 31, 1973 and the statements of earnings, contributed surplus, general reserve and retained earnings for the year then ended and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Corporation as at December 31, 1973 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario
January 17, 1974

PEAT, MARWICK, MITCHELL & CO.
Chartered Accountants

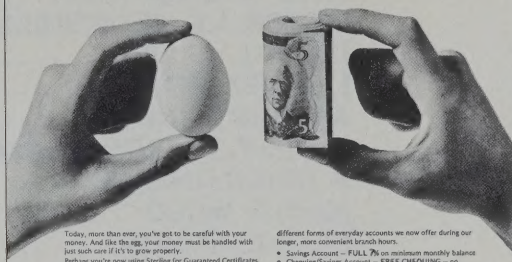
Advertising

In the latter half of the year an Advertising Committee was formed to supervise the development of a new promotional campaign. It was felt that a programme was required during the Fall to further stimulate growth in the areas of Savings, Certificates and Registered Retirement Savings Plans.

After carefully considering several excellent ideas, the Committee gave their final approval to a theme highlighting the similarities of eggs and money. The necessity for the careful handling of both was stressed along with the selection and the potential growth aspects. The newspaper advertisements shown on this page are samples of those which appeared in the Barrie, Orillia and Bracebridge areas during the campaign.

In addition, radio and television commercials were developed to support the money/egg theme. Within the branches, point of purchase material, window banners and brochures were produced to support the new promotion.

**Today.
You've got to be careful.**



Today, more than ever, you've got to be careful with your money. And like the egg, your money must be handled with just such care if it's to grow properly. Perhaps you're now using Sterling for Guaranteed Certificates. That's great. Or how about our Retirement Savings Plan? Another great idea. But what if your everyday needs. After all, when money is so important, doesn't it make more sense to put your eggs in one secure basket than trying to juggle them?

Come by this week and join us for a cup of coffee. We'd like to show you how we carefully handle your money to make it grow. And to make your decision easier, just look at the

different forms of everyday accounts we now offer during our longer, more convenient branch hours.

- Savings Account - FULL 7% on minimum monthly balance
- Chequing/Savings Account - FREE CHEQUING - no service charge
- Chequing Account - FREE CHEQUING - no service charge

Sterling.
The Sterling Trusts Corporation

A member of Canada Deposit Insurance Corporation

**Money.
Watch it grow.**



Money, like an egg, must be handled carefully if it's to grow properly. And for that very reason, Sterling offers you so much more in service and customer opportunity, with three different types of every-day accounts so you may choose to fit your own personal needs.

- Savings Account - FULL 7% on minimum monthly balance
- Chequing/Savings Account - FREE CHEQUING - no service charge
- Chequing Account - FREE CHEQUING - no service charge

Make a point of dropping into your Sterling Trusts Branch this week. Enjoy a cup of coffee with us and we just how we can make your money grow.

Sterling.
The Sterling Trusts Corporation

A member of Canada Deposit Insurance Corporation

A special kind of growth.

Sterling Certificates

If you're looking for a special kind of growth that gives you full security and the best possible return, then look to Sterling. Money, like the egg, should be watched over and carefully handled for the best possible growth. And that's exactly what Sterling Certificates offer you - security, safety, and a special kind of growth.

Come see us during our longer, more convenient hours. Sterling Certificates. To be sure.

Guaranteed Trust Certificates: 8-3/4%

Available in amounts \$500 - \$50,000 for use up to five years. A five year certificate will earn you a guaranteed 8-3/4%, principal paid in full at maturity. Interest every six months.

Guaranteed Growth Certificates: 8-1/2%

A five year certificate will earn you a guaranteed 8-1/2%, interest compounded half yearly and accumulated. Average annual yield on a five year certificate is equivalent to a 10-3/4% interest annually.

Cashable Savings Certificates: 8-1/4%

Issued for one year - cashable at any time. Interest calculated on daily basis. Available in amounts of \$500 & up.

To be sure,



Sterling.
The Sterling Trusts Corporation

A member of Canada Deposit Insurance Corporation



**YOU'RE IN THIS TO
MAKE MONEY.**

RIGHT.

We're talking about making money for tomorrow - and saving it today on your income tax. It's called the Registered Retirement Savings Plan. An easy guaranteed way to look out for your future while getting your money's worth now. You enjoy tax savings today as your contributions are tax deductible. Let's say you're married with two children and of the \$15,000 you earn, you contribute \$1,000 a year. In 25 years your plan's worth will over \$100,000. Based on current income tax rates and 7.5% interest that's compounded.

RETIREMENT SAVINGS PLANS.



THE SELF-ADMINISTERED PLAN

It's ideal for people familiar with, or dealing in stocks, bonds, ... assets which can act as your contribution to the Registered Retirement Savings Plan. Investments may be registered at their entry value and again the tax saving is passed along to you.

Take advantage of our longer, more convenient hours to join us for a cup of coffee and let's talk over your tomorrow today.

TALK TO US...

THE GUARANTEED PLAN

Your contributions are invested in our Guaranteed Growth Certificate and insured for maximum terms of five years. There's no management fee ... no sales commission charged to you at all. Interest is at the rate being paid on the certificate on the date of issue or date of renewal.

Sterling.
The Sterling Trusts Corporation

A member of Canada Deposit Insurance Corporation

OFFICERS

NIELS F. PETERSEN President
HORACE T. BURGESS Vice-President
H. DONALD LANGDON, Q.C. Vice-President
T. GORDON TAYLOR Managing Director
DENNIS W. JONES, F.C.I.S. Executive Assistant to the President
FRED C. BEVERIDGE Secretary and Transfer Officer
VICTOR A.G. PENDERELL Controller
JAMES L. ALLAN Trust Officer
J. ROGER MITCHELL Pension Trust Officer
ARTHUR IVINEY Manager, Mortgage and Real Estate Department
JAMES P. LETROS Assistant Manager, Mortgage and Real Estate Department
R. BRIAN GIRLING Assistant Manager, Stock Transfer Department
JOHN H. WOOD Manager, Business Development Department
GLEN CAMERON Accountant

Special Representatives

C. LESLIE CHITTICK

H.E. HALL

D.F. TWISS

R.E. WHITE

E. REED

SERVICES

PERSONAL TRUSTS

— Estate Administration
Estate Planning
Agency Services
Cemetery Trusts

DEPOSITS

— Chequing Savings
Personal Savings
Cashable Savings Certificates
Guaranteed Trust Certificates
Guaranteed Growth Certificate

PENSION TRUSTS

— Registered Retirement Savings Plans
Company Pension Plans
Deferred Profit Sharing Plans

REAL ESTATE

— Mortgages
Appraisals
Sales
Management

CORPORATE TRUSTS

— Transfer Agency
Registrar
Dividend Disbursing
Bond Trusteeship
Escrow Agent

PERSONAL LOANS

SAFE DEPOSIT BOXES

OFFICES

Head Office

TORONTO, ONTARIO, 372 Bay Street
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P.S. HUMPHREY, Manager

